

**CDI Review Requirements  
Checklist for Homeowners**

REVIEW REQUIREMENTS	REFERENCE	COMMENTS
<b>FORMS</b>		
<b>Standard Requirements</b>		
Policy shall specify	CIC 381	Lists required contents of policy
Insurer's name on policy.	CIC 430	The insurer's name or name approved for use by the commissioner, must be printed in large bold print in at least the size type used in the policy or on the face page.
Disclosure of consumer affairs unit to new policyholders	CIC 510	Insurers must include a written disclosure containing the name, address, and toll-free telephone number of the unit of the Department of Insurance that deals with consumer affairs. The disclosure should be printed in large, boldface type.
CA Standard Form Fire Insurance Policy	CIC 2030 through 2083	Specifies standard form and measures of indemnity for any Fire policies.
Red - Ink Clauses	CIC 2081	Whenever a clause is inserted, or rider attached, affecting the standard form liability of the insurer for loss or damage by fire occasioned either directly or indirectly by hurricane, volcanic action or other disturbance of nature, the clause or rider shall be printed in red ink in type larger than small pica and at the head of the policy there shall be printed in red ink and in large boldfaced type the words, "This policy contains limitations of liability not permitted in the California standard form."
Information Required in declarations or on separate disclosure form	CIC 10103	Specifies the following information required in declarations or on separate disclosure form: 1) Limits of liability for the structure, 2) limits of liability for the personal property, 3) deductibles, and 4) whether the policy covers repairs resulting from new building ordinances or laws.

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Residential Property - Polling Place	CIC 11585	If a residential property policy includes any liability insurance, the policy shall cover liability insured in connection with the use of the residential property for a polling place for any state or local election.
Workers' Compensation - Household Employees	CIC 11590 - 11593	Except as provided in CIC 11591, no policy providing comprehensive personal liability insurance may be issued or renewed unless it contains a provision for coverage against liability for the payment of compensation, as defined in Section 3207 of the Labor Code, to any person defined as an employee by Section 3351(d) of the Labor Code.
<b>Applications</b>		
Application form NOT required to be filed		
Concealment & Fraud	CIC 2070 & Bulletin 99-1	Prohibits insurers from substituting the words "any insured" for the standardized words "the insured" in fire and allied lines coverage form clauses adapted from the California Standard Form Fire Insurance Policy.
Discrimination	CIC 679.72	Prohibits an application from carrying identification, or requirement of an applicant's race, color, religion, national origin or ancestry.
<b>Bankruptcy Provision</b>		
Policy Content	CIC 11580	A liability policy must contain a provision that the insolvency or bankruptcy of the insured will not release the insurer from payment of damages during the life of the policy. The policy must also contain a provision that an action against the insurer may be made when a judgment has been secured against the insured or the executor or administrator of a deceased insured.
<b>Cancellation &amp; Nonrenewal</b>		
Risks Covered by the Chapter	CIC 675	Specifies the type of insurance risk covered by the following cancellation sections.

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Nonrenewal - Claim Pending	CIC 675(c)	On or after January 1, 2000, an insurer may not refuse to renew a policy of insurance specified in CIC Section 675(a) solely on the grounds that a claim is pending under the policy.
Grounds for valid notice of cancellation	CIC 676	Notice of cancellation allowed only for certain circumstances (after 60 days of new policy)
Nonrenewal/Cancellation - Licensed Day Care	CIC 676.1	Subjects insurers that arbitrarily cancel or nonrenew homeowners' insurance solely on the basis that the policyholder has a license to operate a family day care home at the insured location.
Nonrenewal/Cancellation - Foster Home Activities	CIC 676.7	No admitted insurer, issuing homeowner's or tenant's policies shall (1) fail or refuse to accept an application for that insurance or to issue that insurance to an applicant or (2) cancel that insurance, solely on the basis that the applicant or policyholder is engaged in foster home activities.
Cancellation Content	CIC 677	All notices of cancellation shall be in writing, mailed to the named insured at the address shown in the policy, and shall state with respect to policies in effect after the time limits specified in Section 676, (a) which of the grounds set forth in Section 676 is relied upon, and (b) that, upon written request of the named insured, mailed or delivered to the insurer within 15 days of the date of cancellation, the insurer shall specify the reason for cancellation except where the reason is for non-payment of premium and is so stated in the cancellation notice.
Conditions of Nonrenewal	CIC 678	45 day notice of nonrenewal required.
Nonrenewal/Cancellation - Corrosive Soil	CIC 678.5	No policy that is issued, amended, or renewed on or after January 1, 1990, may be cancelled or nonrenewed solely on the grounds of corrosive soil conditions if the policy or renewal policy contains an existing exclusion for payment of loss for that peril.

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Cancellation - Nonrenewal Exemption	CCR 2550	Insurance in respect to any risk or class of risks described in CCR 2550 (b) and (c) is exempt from the provisions of the Insurance Code commencing with CIC 675. The exemption granted shall apply to insurance (whether on an all-risks basis or a named perils basis) against loss of or damage to personal property under scheduled or blanket personal property floaters whether written separately or as a supplemental contract or endorsement when the aggregate amount of insurance on the schedule or policy exceeds \$25,000 or when a single risk exceeds \$5,000.
Nonrenewal, rejection or cancellation of policy by insurer after acceptance of coverage - prohibited	CIC 10086.5	An insurer shall not refuse to renew, reject, or cancel a policy of residential property insurance after an offer of earthquake coverage is accepted solely because the insured has accepted that offer of earthquake coverage, except in cases in which the policy is terminated by the named insured. Underwriting standards applicable to the residential property insurance shall not be applied in a discriminatory fashion against any person who accepts or elects to continue earthquake coverage.
Refund policy	CIC 481, 481.5	Requirements regarding refund of unearned premium.
Adverse Underwriting Decision	CIC 791.12	Adverse underwriting decision; prohibited grounds.
<b>Loss Settlement</b>		
Notice of Loss	CIC 551	An insured may provide notice of an accident, injury or death within 20 days. A policy must not have a requirement of notice for a lesser period.
Valuation of Personal Property	CIC 381.2	When a policy includes coverage for loss or damage to a specific item of personal property of the insured, on which a separate amount of insurance is placed, the insurer must specify the method of loss computation in the policy.

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<b>Punitive Damages</b>		
Punitive Damages Prohibited	CIC 533.5	Coverage for punitive damages is prohibited. Any policy, primary, excess or umbrella, which provides coverage for punitive damages must contain a California exclusory endorsement. Or, if punitive damages are added by endorsement, the endorsement must state that punitive damages do not apply in California.
<b>Earthquake</b>		
California statutory minimum Earthquake offer	CIC 10081 - 10089.3	No policy of residential property insurance may be issued or delivered to unless the named insured is offered coverage for loss or damage caused by the peril of earthquake as provided in this chapter. Note: Earthquake must be filed as a separate line of insurance.
Notice of non-coverage	CIC 10086.1	Where the offer of earthquake coverage has not been accepted, the insurer shall notify the named insured that the policy does not provide that coverage. After the offer on an every other year basis, the notice of noncoverage shall be provided prior to or concurrent with the renewal of the policy of residential property insurance.
<b>Residential Prop. Disclosure</b>		
Requirement for disclosure	CIC 10101	The named insured is provided a copy of the California Residential Property Insurance disclosure statement as contained in CIC Section 10102.

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Form of disclosure	CIC 10102	The disclosure required by CIC Section 10101 shall be in no less than 10-point type face and shall be provided prior to, or concurrent with, the application for or initial renewal of a policy of residential property insurance. For policies issued on or after July 1, 1993, at the time of the original application, the agent or insurer shall obtain the applicant's signature acknowledging receipt of the disclosure form within 60 days of the date of application.
Required information	CIC 10103	List information required on the declarations page.
Residential Property Insurance - Defined	CIC 10104	Policy of residential property insurance shall have the same meaning as defined in Section 10087, except that it shall not include a tenant's policy, a policy covering individually owned mobilehomes and their contents, a renter's policy, or a policy insuring individually owned condominium units, when those policies do not provide dwelling structure coverage. If a policy insuring an individually owned condominium does provide dwelling structure coverage, an insurer is required to provide the disclosure required in this chapter.
<b>RATING</b>		
<b>Pricing</b>		
Prior Approval	CIC 1861.01 (C), 1861.05 (b), CCR Title 10, Subchapter 4.8	Requires filing of rates prior to implementation.
Rate Adequacy	CIC 1861.05(a)	No rate shall be in effect that is excessive, inadequate nor unfairly discriminatory.
Policy Fees (Not broker fees)	CIC 1861.01(c), 1861.05(b), CCR Title 10, Subchapter 4.8	Policy fees, and other similar fees, such as inspection fees, are premium. Therefore, requests from carriers to change their fees will require a prior approval filing.

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Tier rating	CIC 1861.05(a), CCR 2360.2, Bulletin 80-11, Bulletin 94-12	Every insurer must maintain eligibility guidelines to determine the appropriate rating plan for an insured.
Insurer Groups	CIC 1853.5, 1861.05(a), CCR 2360.2, 2360.5	Requires maintenance of eligibility guidelines for placement of risks in each company who are members of an insurer group which write the same or substantially the same insurance.
Lowest Premium	CCR 2360.3	An insurer shall charge each insured the lowest Premium for which the insured qualifies. At each policy renewal the insurer shall adjust the Premium charged to the insured, as necessary, to reflect the lowest Premium for which the insured qualifies at that time.
IRPM / Schedule Rating Plans	CIC 1861.05	IRPM / Schedule Rating Plans are not permissible in California for Homeowners lines of insurance.
Discount Caps	CIC 1861.05	Capping of discounts (i.e. protective devices, new home, multi-policy, etc.) is not permissible in California.
<b>Rating Plan Requirements</b>		
Rating Plan	CIC 1861.01(c), CIC 1861.05(a) & (b)	A rating manual must be submitted with an application for approval of rates.
Dwelling Replacement Cost Calculation & Insurance to Value	CIC 1861.05(b) & CCR 2643.3(a) & (b)	Every Homeowner and Dwelling Fire Rate filing submitted by an insurer shall contain the insurer's methodology for calculating Replacement Cost as well as the renewal inflation factors used by the insurers to adjust the renewal policy coverage limits to Insurance to Value.
Financial Credit Scoring	CCR 2360.0(b) & CIC 1861.05(a)	Use of an aggregate credit score (i.e. Insurance or Bureau Score) is not an acceptable rating component for Homeowners lines of insurance.

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Advisory Organization (AO) Loss Costs-adoptions	CIC 1855.3, 1855.5, 1861.01(c), 1861.05(b), CCR Title 10, Subchapter 4.8 and Filing Instructions-New Programs Section	Permits the development of rating plans in cooperation and in concert with advisory rating organizations. Requires manuals to contain loss costs not rates. For New Program filings adopting approved advisory organization loss costs and manuals, insurers must submit a complete new program filing which includes the development of the loss cost multipliers and any loss cost modifiers. For previously approved programs, adopting changes to loss costs, loss cost multipliers or modifiers require a complete rate change application filing using company/group specific data. Any AO adoption files must contain the CDI file number for the approved AO files the insurer wishes to adopt.
Community -wide fire mitigation effort credit	Bulletin 95-12	On or after 1/1/96, all homeowners' rate applications should take into account specific, community-wide fire mitigation measures and any benefits that arise from those measures that would result in associated discounts for policyholders whose communities have adopted or required those measures.
Upgrades	CCR 2360.7	Whenever an insurer makes insurance with broadened or enhanced coverage available to new insureds, the insurer shall offer the same broadened or enhanced coverage to all existing insureds which otherwise qualify for the newly broadened or enhanced coverage, and the insurer shall apply the same rating plans to both new and existing insureds in accordance with this chapter. Any change in coverage offered to existing insureds under this section shall be offered no later than the next renewal date.



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<b>Filing Requirements</b>		
Prior Approval of rates, rules, and forms	CIC 1861.01(c), 1861.05(b), CCR Title 10, Subchapter 4.8 and Filing Instructions	Insurers who desire a rate change shall file a complete rate application. The applicant shall have the burden of proving the requested rate change is justified. The commissioner shall notify the public of any rate change application. The application shall be deemed approved 60 days from the public notice unless a consumer requests a hearing within 45 days of the public notice or the commissioner decides to hold a hearing or the proposed rate adjustment exceeds 7% for personal lines, in which the commissioner must hold a hearing upon a timely request.
Complete Rate Application	CIC 1861.05(b), 1857.7, 1857.9, 1864 and CCR 2643.6, 2648.4 and June 8, 2001 Notice to all Insurers Subject to Proposition 103.	Specifies the required contents - for a complete application for approval of rates.
Prior Approval of rates, rules, and forms by line of insurance	CIC 1861.01(c), 1861.05(b), 1857.7, CCR 2642.7, 2643.3(b) and Filing Instructions	Requires rate filing applications on a line by line basis. CCR 2642.7 lists the lines of insurance.
All files containing forms	CIC 1861.01(c), 1861.05(b), CCR Title 10, Subchapter 4.8 and Filing Instructions	All filings containing forms (whether company or an advisory organization) must have forms filing pages CA-FA1 and CA-FA2 completed in the rate application.

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New Programs	CIC 1861.01(c), 1861.05(b), CCR Title 10, Subchapter 4.8 and Filing Instructions	ALL manual rules, underwriting rules, rates, and forms to be used with a new program must be submitted with the rate application. If the proposed forms are AO forms or company forms already in use with other programs, and previously filed, then the forms do not need to be filed with the New Program. However, they must be listed on the CA-FA1 page with the CDI file number for the approved form filings.
Advisory Organization(AO) Forms -- adoptions	CIC 1855.5	Requires approval of an advisory rating organization's policy, endorsements and forms prior to use by insurers.
Forms without coverage changes.	CIC 1861.01(c), 1861.05(b), CCR Title 10, Subchapter 4.8 and Filing Instructions	Forms that do not affect changes in coverage do not need to be filed.
Mailing Address	Rate Filing Application Instructions	Mail all completed filing applications to: CALIFORNIA DEPARTMENT OF INSURANCE, RATE REGULATION DIVISION, Rate Filing Bureau, 45 Fremont Street, 23rd Fl., San Francisco, CA 94105. Do not address files to the Commissioner.
<b>General Filing References</b>		
Mandatory Earthquake offer (Specific language in the CIC 10083)	CIC 10081 CIC 10083	No policy of residential property insurance may be issued or delivered or, with respect to policies in effect on the effective date of this chapter, initially renewed in this state by any insurer unless the named insured is offered coverage for loss or damage caused by the peril of earthquake as provided in this chapter.

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Notice of non-coverage	CIC 10086.1	Where the offer of earthquake coverage has not been accepted, the insurer shall notify the named insured that the policy does not provide that coverage. After the offer on an every other year basis, the notice of noncoverage shall be provided prior to or concurrent with the renewal of the policy of residential property insurance.
Maintenance of Records	CIC 1857	Insurers shall maintain reasonable records used in connection with the rates, rating plan, and underwriting rules.
Documentation Supporting Rates	CCR 2360.6	The insurer shall keep documentation in the underwriting file for every insurance policy issued to every insured, identifying all information which the insurer considered in determining the Premium charged to the insured. This documentation shall be maintained at all times during which a policy is in force and for at least three years from the policy inception date.
Reinsuring Non-admitted Insurers	CIC 803	No admitted insurer shall assume or reinsure the liabilities of a non admitted insurer for the purpose of circumventing the rate and form provisions of the CIC.
Burden of proof	CIC 1861.05(b) and CCR 2646.5	The insurer has the burden of proving that its rate is not excessive, inadequate, unfairly discriminatory, or otherwise in violation of the CIC.
Definition for Inland Marine Insurance	CIC 103 and Commissioner's Directives of 12/29/94 and 5/9/95	Definition of Inland Marine, uncontrolled inland marine rates must be filed for prior approval same as controlled inland marine. Defines pleasure boats 26 ft. or less as inland marine and over 26 ft as ocean marine.